

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1416 - SB 1620

February 3, 2014

SUMMARY OF ORIGINAL BILL: Beginning January 1, 2015, the Real Estate Appraiser Commission will require any applicant for initial registration, licensure or certification to submit a full set of applicant fingerprints in order for the Commission to obtain and receive National Criminal History Records from the FBI Criminal Justice Information Services Division (CJISD) and state criminal records from the Tennessee Bureau of Investigation (TBI). The Commission is authorized to enter into or utilize an existing contract with this state for the collection and transmission of fingerprints.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$2,500/One-Time/Real Estate Appraisers Commission

Other Fiscal Impact - The estimated \$6,300 fee revenue collected from applicants for fingerprint sampling will be offset with identical expenditures attributed to those vendors contracted for collection and transmission.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue - \$6,300/FY14-15

Increase Business Expense - \$3,150/FY14-15

Jobs Impact - Not Significant

SUMMARY OF AMENDMENT (011678): Corrects various license-type references.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Department of Commerce and Insurance (DCI), there will be costs to conduct a rulemaking hearing and to make modifications to computer systems.

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- According to DCI, these costs will result in a one-time increase in state expenditures of \$2,500 (rulemaking hearing: \$1,500 + computer modifications: \$1,000).
- The bill states that an applicant will pay the cost for fingerprinting.
- According to DCI, the fee per applicant for fingerprint sampling is \$42.
- According to DCI, it is estimated that there will be 150 individuals per year who will require fingerprint sampling tests.
- The total estimated amount of fee revenue collections of \$6,300 (150 x \$42) will go directly to contracted vendors, resulting in no significant fiscal impact to the state.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The Tennessee Real Estate Appraiser Commission had closing balances of \$349,823 in FY11-12, \$183,692 in FY12-13 and closing reserve balance of \$1,152,606 on June 30, 2013.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The businesses contracted out to collect and transmit fingerprint sampling will experience an increase in revenue of \$6,300.
- The business that is currently in contract with DCI has several offices throughout the state however, is domiciled in the state of Massachusetts.
- It is estimated that the profit margin of such businesses is approximately 50 percent, resulting in an increase in business expenditures of \$3,150 (\$6,300 x 50 percent).
- The total fingerprint fee to all applicants of \$6,300, meted out among 150 applicants is not significant.
- There is estimated to be no significant impact to jobs within this state as a result of this bill.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb